G. R. S. IX-5]

Previous references.

1877.
~~191~~.
(S.R.)

File No. 7 of 18

Serial Nos. 1

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

No. ~~Part~~ B for

SUBJECT.

Introduction of Improved Excise System into the Nagar Division.

Inserted by C.R.Das

W D 38—GPB—50,000—24-7-16

To Dafftar

19-12-77

Section SR

File No 7 of 1877

Serial No 1

&c

1877

0446

From Commissioner

To Secretary to Chief Commissioner, General Department.

Dated 14th December

Despatched 15" "

Received 19th "

ENCLOSURES NO. & 5

General No. 1076 } 1877—78.
Dept. No. 5173

Sir,

With reference to your letter dated 2nd June 1876, requesting an expression of opinion on the proposal for the transfer of the Bhadur division, I have the honour to forward copy of a memo and statements I and II prepared in the Revenue Department of my office furnishing the information required.

2 copies of the marginally noted letters from the Deputy Commissioners containing an expression of their opinion on the proposals are also forwarded.

R 14/1/78 @ 6-20 p.m.

D. (15)

From Dy: Comr, Sherghatty, No: 754 dated 10th October 1876.

2. From Do —, Hadur, No: 372 dated 5th Septr. 1876.

3. From Do —, Gaya, No: 544 dated 19th Augt. 1876.

Dy Comr, Gaya, No: 544 dated 19-8-76

Dy Comr, Hadur, No: 372 dated 5-9-76

Dy Comr, Sherghatty, No: 754 dated 10-10-76

No 754.

Shimoga District
Deputy Commissioner's Office
Shimoga the 10th October 1876

To

The Commissioner
Nagar Division

Sir,

As called for in your No 562 dated 28th August last, I have the honor to forward statements A. & B. shewing the statistics of each Revenue according to the forms received -

2. It will be seen that the figures under the head net profits to the District less and Vendors as shewn in the statements now submitted differ from those given in the Memorandum submitted with this office No 538 dated 31st July 1876 - This is owing 1st to the Local Cess on Abkari Revenue being added to the amount shewn previously as realized by Government, and next to the expenses of distillation &c being provisionally calculated at Rs 1-4 while in the

Memorandum it was calculated at 7d 1-2 per gallon —

3. The system now proposed to be tried presents certain advantages in lessening smuggling and illicit distillation and would benefit the public generally, and although I am of opinion that the system of licenses would, to a great extent, check the practice, there is reason to suppose and give an increase of Revenue to Government, it is impossible to say until it has been given a fair trial whether it will fully answer the expectation formed as regards the additional Revenue to be derived by the proposed changes. —

I have &c

(signed) C. S. Mackie

Maj: Gl Commr

Thuringabout

"Mail Copy"

Brussells

Commercial

Agent

No: 372

Kadur District
Dy: Comrs Office
Chikmagalur
5th September
1876.

To The Commissioner
Mysore Division

Sir,

In reply to your Circular No: 98 of the 10th June 1876 and its accompaniments, I have the honor to submit a statement filled in the form which accompanied your docket No: 371 dated 28th ultimo showing the revenue derived from arrack in this District under the Sadar Distillery system for the last 10 years and to submit the following observations on the subject.

Number of Shops. 2. It will be seen that there has been a steady increase in the number of shops at work from 118 in 1866-67 to 187 in 1873-74; and the reduction to 158 in 1875-76 was due to the enhancement in the amount of still head duty, but still the last figure is larger than any of the first six years.

Quantity of arrack consumed. 3. Under the original system of simple auction sale of shops it went on increasing from 19121 gallons in 1866-67 to 23340 in 1869-70 but the imposition of License fees

1870-71 had the effect of reducing the quantity in that and the following years – There was again a rise until 1873-74 in which year the quantity reached the highest figure of 28378 gallons – Again the enhancement of Still Head duty (from 1 to 2 Rs:) in the middle of 1874-75 has brought down the consumption to 17680 gallons in that year and 14360 in 1875-76 though the duty did not fall much short as it has been doubled.

4. Till the year 1870-71 the Retail Sale proceeds Vendor had only to pay for the of shops and right of selling which he brought license fees. at auction, but in that year the License fee was added to his burden and it told on the amount of sale in that & the following years: whilst the enhancement of duty in the middle of 1874-75 (i.e. after the sales and licenses for the year had been closed) caused both these items to fall to the lowest in 1875-76.

5. In order to see how the profits Profits & Surplus of the Vendors have been affected by the last change I beg to subjoin an abstract account [illegible] the quantity [illegible]

in the manner laid down in para 6 of the Chief Comr's Proceedings —

	Rs	
Value of 28378 gallons @ Rs: 3-5-4 the retail price	94,593	
Deduct - Receipts & Costs under the following heads -		
Still head duty @ 1 Re: per gallon Rs: 28378		
Local cess @ ½ anna in the Rupee 888	29,266	
Sale proceeds of arrack &c Rs — 5671		
License fees Rs do: — 4972	10643	
	39,909	
Cost of preparation with profit @ Rupee 1-4-0 a gallon (vide para 5 of the Chief Comr's Proc:	— 35,472	
	7,538	
Surplus profit to Distillers & Vendors —	19,212	

6. From the above it will be seen that out of the total realization the share of Government is equal to 42 per cent, cost to 38 per cent & profit 20 per cent. This leaved five annas profit per gallon to be divided between the Distillers & Vendor -

7. The case of 1875-76 has been different in as much as the still head duty was raised from 1 to 2 Re: per gallon and the selling price from 3-5-4 to 5 Rs: The result of this would therefore be:

	Rs:	
Value of 14360 gallons @ 5 Rs: each the selling price	71,800	
Deduct - Receipts & Costs by Still head duty @ 2 Rs:	28,300	
Local cess at ½ anna in the Rupee	885 29,185	39,234
Sale proceeds of Rs Rs —	5,489	
License fees Rs do —	4,565 10054	
Cost of preparation @ 1-4-0 per gallon the rate given in the Chief Comr's letter	— 17,950	
	5,18[illegible]	
Surplus profit to Distillers & Vendors Rs	14,611	

His percentages of this would be 55 & cost, 25 for cost of preparation, & 20 surplus profits. This would give about Rs: 1-4-0 profit per gallon & be shared by the Distiller & Vendor, but the total gain would be some 5-0-0 Rs: -lacs.

8. According to calculation of the auditors, which has been found by me to be correct, by an examination of the accounts of a Distiller at Kittimuttu, the actual cost of manufacturing arrack of the superior quality now required is Rs: 1-10-0 per gallon. This would make the total cost amount to Rs: 23335 & the surplus profits would be reduced to Rs: 9226 as indicated in the following distribution.

		amount
Value of 14,360 gallons @ 5 Rs: —		71,800
Receipts & for Abkari duty &c. —		39,239
	Balance	32,561
Deduct cost of preparation @ Rs: 1-10-0 per gallon —		23,335
Balance profits Rs: —		9,226
To the Distiller @ 0-6-0 per gallon as he sells to the vendor @ 2 Rs:		5385
Remainder to the vendors who sell by retail @ 5 Rs: per gallon @ " 4-4-		3841

9. The sum thus left to the vendors is to cover charges of carriage & wages of servants employed to sell the liquor, interest of the principal amount of license fees & purchase of licenses) This profit being distributed between 158 Dookans will have but little to each.

10. Begin conclusion to state Rs: -0

2 acc

far as could be judged from two years experience the effect of the new measure has been to reduce the consumption of arrack, & the aggregate profits of both the distillers & vendors, and to enhance the cost of manufacture & the price to the consumers without any appreciable decrease in the aggregate Receipts of Government.

I have the honr &c.

J. P. Krishnaswa
Dy: Commissioner

"True Copy"

Commissioner

40

Chittaldroog District
Deputy Commissioner's Office
Dated 19th August 1876.

No. 544

To

The Commissioner
Nagar Division

Sir

Adverting to your Circular Docketh No. 98 of the 10th June last, requesting the submission of the reports called for in the Chief Commissioner's proceedings No. 84/7 of the 29th May regarding the adoption of a new system of realizing arrack revenue, I have the honor to submit herewith 2 statements with the following observations —

It will be seen from statement A that the average amount derived by Government on the quantity of arrack let out of the Distillery from 1871.72 to 1873.74 Varied from 1.7.1. to 1.8.6. per gallon, in 1874.75 when the enhanced rate of head duty was levied only for a few months and subsequently discontinued, the average rose to 1.8.10. — Whereas in 1875-76, it when so high as 2.8.5 This average includes head duty, license fee and the annual sale proceeds of licenses according to the calculations given in the statements, the profits of Distillers and Venders in Excess of what may be considered

fair

have been on an average rupees 8240-0-0 per annum. Column 13 of Statement B shews that the profits of the Vendors above the fair amount were 11,420. 6. 9. per Annum in the first three years. Although there appears loss to the Vendors in 1875-76 when the enhanced rate was fully brought into force, yet profits to them are apparent when the quantity of arrack sold in the Villages only, at 5 Rupees per gallon, is taken into consideration, but as there is no means of ascertaining what quantity of liquor was actually sold in Villages 3/8 ths of the total quantity of 4076 gallons and 2 drams or 1528 Gallons and 30 Drams may be Estimated as the consumption in Villages which at the rate of 5 Rupees per gallon will have realized to the Vendors 7,643-12-0 Deducting from it the amount paid to Government in the Shape of Head duty, license fee &c namely Rupees 3861. 14. 0 the net profit after deducting Rupees 1. 4. 0 per gallon was Rupees 1871. 00- 0, but this Calculation is on a mere guess.

In order to place the arrack revenue on a better footing, the system proposed to be adopted in the Chief Commissioner's proceedings cannot in my opinion, be too strongly advocated

Rupees 4 as per gallon as the 12 annas former rate of retail Vend, the monopoly of manufacture and sale of spirit may with great advantage to Government, to the consumers, and to the Venders themselves be disposed of by tender the offer of a minimum payment representing the duty of not less than 12 or 13000 Gallons of 19° under proof may be fairly expected. In Conclusion, I would again merely reiterate what I have over and over again remarked that so far as this District is concerned, the Sudder Distillery system has degenerated into what the officiating Chief Commissioner has styled as "an unrestricted monopoly."

I have the honor &c.

(Signed) E. Armstrong
Deputy Commissioner
Chittaldroog District

True Copy

Commissioner
Nagar Division

H.

Memorandum

1. In order to ascertain the profits of the Distillers and vendors, the first item of calculation is the retail price at which Arrack was sold during the past 5 years. The rates given by the 3 Deputy Commissioners are as follows.

Chitaldroog	5 - 12 - 4	per gallon.
Shimoga	3 - 5 - 4	per gallon before the enhancement of still head duty.
	4 - 8 - 4	after the enhancement.
Tadur	3 - 5 - 4	before the enhancement
	5 - 4 - 4	after do

To discover the correct prices which obtained during the 5 years past, the monthly price Returns received from the Districts during that period have been examined & the information obtained is as follows:-

Per Gallon.

Year	Shimoga Rs - a - P.	Tadur Rs - a - P.	Chitaldroog Rs - a - P.
1872-73	3 - 14 - 9 3/4	4 - 4 - 7	3 - 7 - 2 1/2
1873-74	3 - 10 - 11 1/2	4 - 3 - 9 3/4	3 - 11 - 9 1/2
1874-75	4 - 6 - 2 1/2	5 - 1 - 4 1/4	3 - 14 - 1
1875-76	4 - 14 - 10 1/4	5 - 12 - 1	4 - 7 - 11 3/4
1876-77	4 - 15 - 7	5 - 5 - 2 1/2	4 - 12 - 4 1/4
5 Years average.	4 - 6 - 1	4 - 14 - 2 1/2	4 - 1 - 1.

The above figures may safely be adopted in calculating the gross profits of Distillers and vendors.

2. The gross income of Distillers and vendors has

[illegible]

I [illegible] of Government
II [illegible] of manufacturing
[illegible] [illegible]

the
statements vary. As the manufacture of arrack
was at one time reserved in the hands of
Government in this Division, a search was
made among the records of the late Nagar
Division and an original Memo (marked F) in
the handwriting of the then Head Chemist
Mr. Raghavachana Row was discovered. The
calculations contained in this memo are
based on the recorded results of the Government
Distillery at Pallavili which was then under
[illegible]. From the statistics thus obtained
it was found that the ingredients required
to manufacture one gallon of arrack was as
follows:-

2 Seers of Jaggery
3 Seers of Bale-Dust
1½ Seer of Jaw[illegible]

According to the prices in 1860-61 as
given by Mr. Nagabhushana Row and the cost
of the Distillery establishment then maintained the
average cost for each gallon of arrack was as

	Price
20 Seers of Jaggory	Rs — A.
3 Seers of bark	" — 4 — 9½
12 Seers of firewood	" — " — 3
Proportionate cost of establishment	" — " — ½
Total	" — 1 — 3
	— 6 — 5

The price of Jaggory has during 16 years risen 200 per cent, that of bark 100 per cent owing to the imposition of a seignorage and that of firewood 50 per cent. The cost of labor is also double now. Taking this rise in prices into account, the cost per gallon comes to Rs 1-1-6 which figures have been adopted in the accompanying statements.

3. The statement of the Chitaldroog District gives the revenue for 1874-75 under "Still head duty" as Rs 7,976 - 13 - 5, whereas the correct sum as per annual Returns furnished by the Deputy Commr is Rs 9,050 - 4 - 4. This has been corrected in this office.

4. The accompanying Tabular statements marked Nos I and II exhibit the result of the calculations made according to this memo.

5. With reference to the explanations submitted by the Deputy Commissioners of the Shimoga and Tradun Districts in reply to this office Nos 157 and 184 of the 1st June last it may be observed that the Tunga Rate is mistaken in taking into account the interest on capital

1878.

From

To The Commissioner
Nagar Divn.

C. R.
of 1877
No 2

Dated 24th January
Despatched 25th
Received

Enclosures No. 4

General No. 9273
Pl No. 48

Approves of the improved
Excise System being intro-
-duced into the Nagar Divn.

Rud.

20.

No 9273
R 48

dated 24th January 1878

Letter No 1026/173 of the 4th Decr 1877 from the Commr Nagar Dn, submitting copy of a memo and statements I & II furnishing information regarding the revenue realised in his Dn from Arracki and stating that the ~~same Abkari~~ improved system may be introduced with advantage into the Nagar Dn, but that the date might be fixed after the result of ~~one year of~~ its working in the Kandi-Droog Dn for one year has been ascertained ~~which will be the 1st April 1879~~.

Order thereon — The proposal is approved — the introduction of new system into the Nagar Dn deferred for a year as suggested.

22.1.78
Offg Secretary.

To the Commr, Nagar Dn